GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2742
ANSWERED ON:17.12.2004
IMPACT OF VALUE OF DOLLAR ON ECONOMY
Yadav Shri Baleshwar

Will the Minister of FINANCE be pleased to state:

(a) Whether the Government have studied adverse impact on India as a result of value of Dollar touch lowest level in comparison to Euro recently;

(b) If so the details of adverse impacts which may adversely affect our economy; and

(c) The details of preventive measures likely to be taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (Shri S.S. Palanimanickam)

(a), (b) & (c): During April-November 2004, the US Dollar depreciated by 5.4 per cent against the Euro. During this period, the Indian Rupee depreciated by 0.24 per cent against the Dollar and by 5.6 per cent against the Euro. Indian exports and imports (in Dollar terms), grew by 24.0 per cent and 34.5 per cent respectively, during April-November 2004. Other external sector indicators, like foreign direct investment (FDI) and foreign portfolio investment, have also been buoyant during the current year. These positive developments have resulted in India`s total foreign exchange reserves rising to more than US$130 billion on December 3, 2004.